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SENATE BILL 511

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Timothy Z. Jennings

AN ACT

RELATING TO THE INVESTMENT OF PUBLIC MONEY; ALLOWING ADDITIONAL INVESTMENTS FOR CERTAIN LOCAL GOVERNMENT PERMANENT FUNDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-6-19 NMSA 1978 (being Laws 1989, Chapter 276, Section 3, as amended) is amended to read:

"6-6-19. LOCAL GOVERNMENT PERMANENT FUND.--

A. The local governing body of a county or municipality may by ordinance establish a local government permanent fund and a local government income fund.

B. The local government permanent fund shall constitute a fund in the treasury of the county or municipality into which may be deposited at the end of a fiscal year an amount of the unappropriated general fund surplus. The amount that may be deposited into the local government permanent fund

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1 is any portion of the unappropriated general fund surplus that
2 is in excess of fifty percent of the prior fiscal year's budget
3 of the county or municipality. Money in the permanent fund may
4 be appropriated or expended only pursuant to approval of the
5 voters of the county or municipality as provided in Subsection
6 E of this section.

7 C. ~~[Money in the local government permanent fund
8 may be invested by the local board of finance for the county or
9 municipality in the types of investments specified in Section
10 6-10-10 NMSA 1978 and as specified in Sections 6-10-36 and
11 6-10-44 NMSA 1978.]~~ Earnings from the investment of the
12 permanent fund shall be deposited in the local government
13 income fund in the treasury of the county or municipality.
14 Money in the income fund may be budgeted and appropriated by
15 the local governing body for expenditure for any purpose of the
16 county or municipality or may be deposited in the permanent
17 fund.

18 D. ~~[Investment authority for]~~ A local government
19 permanent fund shall be invested as follows:

20 (1) if the fund is less than ten million
21 dollars (\$10,000,000), it shall be invested as other funds of
22 the local government; and

23 (2) if the fund is ten million dollars
24 (\$10,000,000) or over, it may be invested as funds of class A
25 counties are invested and, if the fund is managed by an

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1 investment advisor that is registered with the federal
2 securities and exchange commission and that currently manages
3 assets with a value of at least five hundred million dollars
4 (\$500,000,000), the fund may also be invested in the following:

5 (a) corporate debt securities, provided
6 that: 1) the total amount invested in securities issued by the
7 same corporation or related corporate affiliates shall not
8 exceed five percent of the market value of the permanent fund;
9 2) the securities shall be denominated in United States
10 currency; and 3) the securities shall be rated investment grade
11 BBB or higher by a national rating service;

12 (b) asset-backed securities, mortgage-
13 backed securities, collateralized mortgage obligations or
14 commercial mortgage-backed securities, provided that: 1) the
15 total amount invested pursuant to this subparagraph shall not
16 exceed five percent of the market value of the permanent fund;
17 2) the securities shall be denominated in United States
18 currency; and 3) the securities shall be rated investment grade
19 BBB or higher by a national rating service;

20 (c) corporate equities, provided that:
21 1) the total amount invested in the equities of any one
22 corporation shall not exceed five percent of the market value
23 of the permanent fund; 2) the total amount invested pursuant to
24 this subparagraph shall not exceed fifteen percent of the
25 market value of the permanent fund; and 3) the equities shall

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1 be listed on a national stock exchange; or

2 (d) exchange traded funds and mutual
3 funds, provided that: 1) an investment shall not be made in a
4 fund of which more than five percent of its value is invested
5 in the equity or debt securities of any one issuer; and 2)
6 other than investments in funds wholly composed of fixed income
7 securities, the total amount invested pursuant to this
8 subparagraph shall not exceed fifteen percent of the market
9 value of the permanent fund.

10 E. The governing body of a county or municipality
11 may adopt a resolution calling for an election on the question
12 of expenditure of any amount of the local government permanent
13 fund for a specified county or municipal purpose. The election
14 shall be held within sixty days after the action of the
15 governing body. The election shall be called, conducted,
16 counted and canvassed substantially in the manner provided by
17 law for general elections within the county or special
18 municipal elections under the Municipal Election Code. If a
19 majority of the registered voters of the county or municipality
20 voting on the question [~~vote~~] votes for the expenditure of a
21 specified amount of the local government permanent fund for a
22 specified county or municipal purpose, then that amount of
23 money shall be available for appropriation and expenditure by
24 the county or municipality for that purpose. If a majority of
25 the registered voters of the county or municipality voting on

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underscoring material = new
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1 the question [~~vote~~] votes against the expenditure of a
2 specified amount of the local government permanent fund for a
3 specified county or municipal purpose, then money in the local
4 government permanent fund shall not be expended or appropriated
5 for that purpose. Following an election at which the question
6 was not approved, the question shall not again be submitted to
7 the voters of that county or municipality within one year of
8 the date of that election."

9 Section 2. Section 6-10-61 NMSA 1978 (being Laws 1923,
10 Chapter 76, Section 32) is amended to read:

11 "6-10-61. PERMANENT FUND INVESTMENT LAWS NOT AFFECTED.--
12 Nothing in [~~this act~~] Chapter 6, Article 10 NMSA 1978 shall be
13 construed to prevent the investment in [~~such~~] a manner as may
14 be provided by law of any permanent funds of the state or of
15 any county, city, town or board in control in the state."

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